

Special Financing Division Overview & Hospital Provider Fee Annual Report and Update

Medical Services Board
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Department of Health Care
Policy & Financing

Our Mission

Improving health care access and outcomes for the **people** we serve while demonstrating sound stewardship of financial **resources**



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Discussion Topics

- Special Financing Division Overview
- Hospital Provider Fee Overview and Annual Report
- Proposed 2015-16 Hospital Provider Fee Model
 - Governor's budget proposal
 - Summary
 - Timeline



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Special Financing Division

- State-only funded programs
- Programs to increase federal Medicaid funding without increasing state General Fund expenditures
- Goal: Decrease uncompensated care costs for providers who serve persons enrolled in Medicaid and persons who are uninsured



Special Financing Division

- State-only funded programs
 - Colorado Indigent Care Program
 - Primary Care Fund
 - Colorado Dental Health Care Program for Low-Income Seniors
 - Old Age Pension Health and Medical Care Program



Special Financing Division

- Increase federal Medicaid funding
 - Hospital Provider Fee
 - Nursing Facility Provider Fee
 - School Health Services Program
 - Family Medicine Residencies
 - State Teaching Hospitals
 - Pediatric Specialty Hospital
 - Supplemental payments for public hospital physician, ambulance, nursing facility and home health services



Hospital Provider Fee Overview

- Increase hospital reimbursement for Medicaid and uninsured patients
- Fund hospital quality incentive payments
- Reduce uncompensated care costs and need to shift uncompensated costs to other payers
- Expand health care coverage in Medicaid and Child Health Plan *Plus* (CHP+) programs

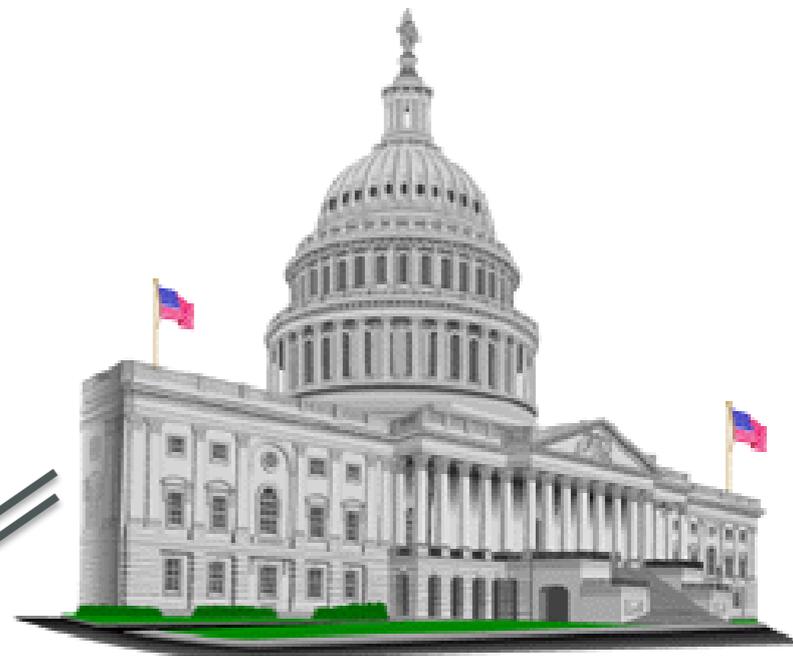


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Provider Fee from Hospitals



Federal Match from CMS



Cash Fund
(Provider Fee + Federal Match)



Increased Payment to Hospitals



Expanded Coverage to Colorado Citizens



Hospital Provider Fee Annual Report

- January 15 each year
- Senate and House Health and Human Services Committees, Joint Budget Committee, and Medical Services Board
- Description of the hospital provider fee
- Provider fee paid and payments received by hospital
- Itemization of Department's administrative costs
- Estimates of the differences between the cost of care provided and payment received by hospitals for patients covered by Medicaid, Medicare, and other payers



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Hospital Provider Fee Annual Report

- October 2014 through September 2015
- **\$335 million in increased reimbursement to hospitals**
 - \$1.1 billion in total supplemental Medicaid and DSH payments, including \$61 million in quality incentive payments
- **Reduced uncompensated care costs and the need to shift uncompensated care costs to other payers**
 - From 2009 to 2014, Medicaid payment to hospitals improved from 54% to 72% of costs
 - Between 2013 and 2014, bad debt and charity care decreased more than 50%



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Hospital Provider Fee Annual Report

- As of September 30, 2015, expanded health care coverage to more than 409,000 Coloradans:
 - 293,526 adults without dependent children
 - 91,116 Medicaid parents
 - 15,330 CHP+ children and pregnant women
 - 10,175 working adults and children with disabilities
- Administrative costs 1.59% of total expenditures
- No increase in General Fund expenditures



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2015-16 Hospital Provider Fee Model

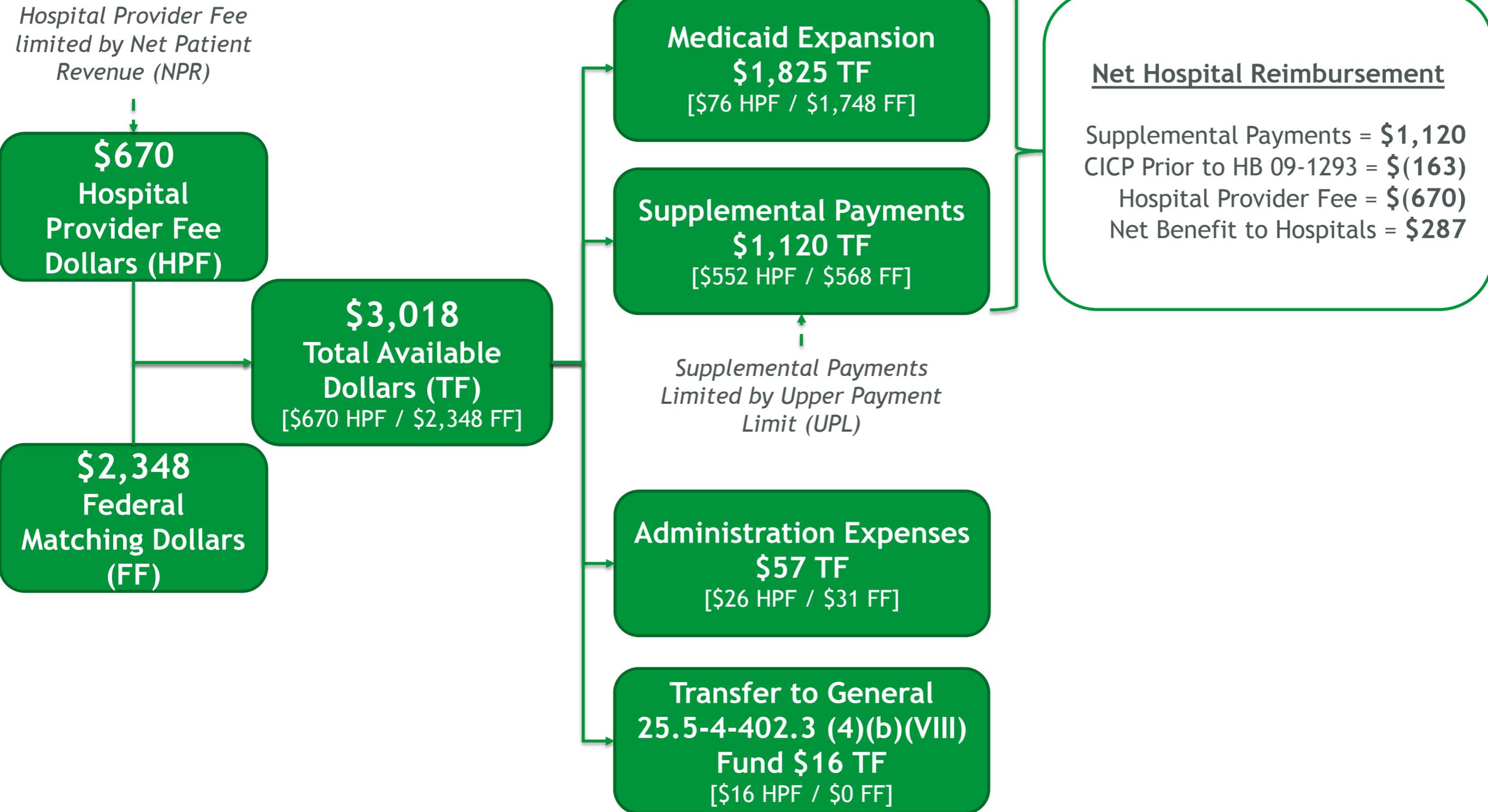
- Governor's Budget Proposal: fee collection in SFY 2016-17 of \$656 million
- 2015-16 Hospital Provider Fee Model
 - Fees set in 2015-16 model such that fees collected between July 2016 through June 2017 do not exceed \$656,250,000
 - 2015-16 model \$670 million fees



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2015-16 Hospital Provider Fee Model Overview (\$ in Millions)



2015-16 Hospital Provider Fee Overview

Payments / Expenditures	Provider Fees	Federal Funds	Total Funds
Supplemental Payments			
Total Supplemental Payments	\$ 552,000,000	\$ 568,200,000	\$ 1,120,200,000
Other Fee Expenditures			
Health Coverage Expansion	\$ 76,400,000	\$ 1,748,200,000	\$ 1,824,600,000
Administration	\$ 25,700,000	\$ 31,700,000	\$ 57,400,000
General Fund - 25.5-4-402.3 (4)(b)(VIII)	\$ 15,700,000	\$ 0	\$ 15,700,000
Total Other Fee Expenditures	\$ 117,800,000	\$ 1,779,800,000	\$ 1,897,700,000
Grand Total	\$ 669,800,000	\$ 2,347,900,000	\$ 3,017,900,000

Net Hospital Reimbursement	
Total Supplemental Payments	\$ 1,120,200,000
CICP prior to HB 09-1293	\$ (163,000,000)
Total Fees	\$ (669,800,000)
Net Reimbursement to Hospitals	\$287,400,000



2015-16 Hospital Provider Fee Timeline

- Oversight and Advisory Board recommendation
- Federal approval
- Hospital notification
- Reconciliation



Questions?



Contact Information

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Thank You!



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